

**Top Secret**

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NATIONAL INTELLIGENCE DAILY CABLE

Thursday June 16, 1977 CG NIDC 77-139C

**NATIONAL SECURITY INFORMATION**

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National Intelligence Daily Cable for Thursday, June 16, 1977

The NID Cable is for the purpose of informing senior US officials.

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## ISRAEL: Right-Wing Coalition

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[ ] The leader of Israel's Likud bloc, Menahem Begin, will probably announce the formation of a right-wing coalition on Monday. Since Begin's talks with Democratic Movement for Change leader Yigael Yadin have broken down, the new coalition will have only a narrow parliamentary margin. Even so, the coalition appears to have a good chance of holding together.

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[ ] With the hawkish National Religious Party, Arik Sharon's right-wing Shlom Zion, and the support of the Aguda religious parties, Begin would control 62 seats in the 120-member Knesset. Likud could also count on the support of expatriate Frenchman Flatto-Sharon, who holds one seat, and Begin's nominee for foreign minister, Moshe Dayan, if Dayan decides not to return his seat to the Labor Party.

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[ ] Such a coalition would be more close-knit and less vulnerable to personal and ideological conflicts than the Labor government. On key negotiation issues, Likud and the National Religious Party fully agree on the need to retain permanent control of the West Bank and to reject negotiations, in any forum, with the Palestine Liberation Organization. The orthodox Aguda groups, as well as the National Religious Party, moreover, see eye-to-eye on the interpretation of most religious questions and seem satisfied with Begin's assurances of support on these issues.

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[ ] Neither Begin nor Yadin has excluded the possibility of resuming coalition talks, but this appears unlikely in the near future. Indeed, Begin's steadfast defense of his hardline position on the West Bank and his refusal to give the Democratic Movement a real voice in his cabinet on negotiation issues seem to reflect his unwillingness to pay more than a token price for the inclusion of the Democratic Movement in his government.

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[ ] Begin probably hopes to attract some members of the Democratic Movement and the Labor Alignment or at least to be able to depend on their support in the event of a confrontation with the US over concessions to the Arabs. This possibility has probably further reinforced Begin's disinclination to compromise on key domestic and negotiation questions in his talks with the Democratic Movement.

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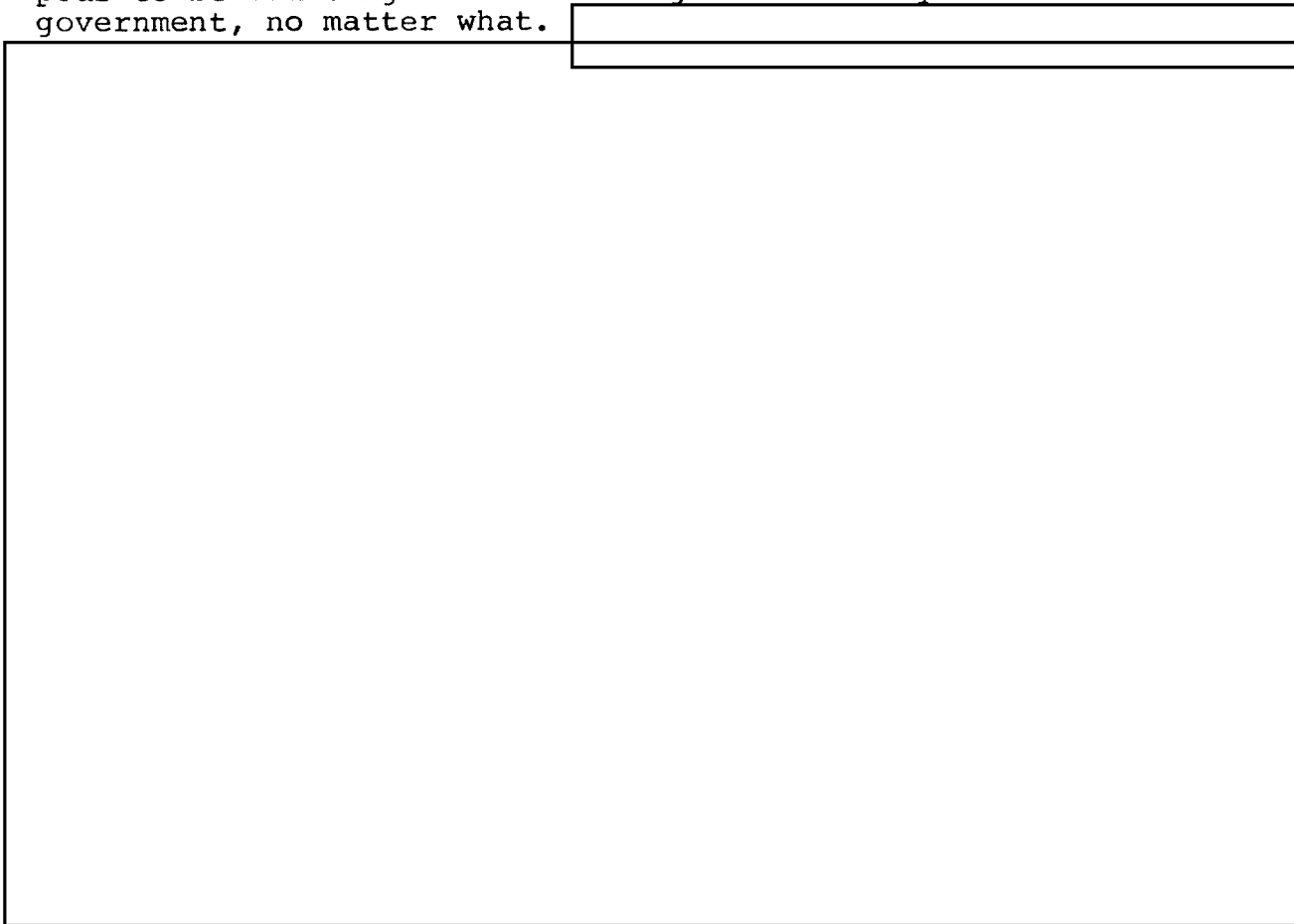
[redacted] In recent days, Begin has been more restrained in discussing Arab-Israeli issues, but this appears to be mainly a tactical change designed to accommodate Dayan and the Democratic Movement and to ease apprehensions in the US Congress and among Jewish interest groups in the US. Begin's more moderate tone is probably also intended to avoid antagonizing the US administration before he travels to Washington for discussions with President Carter.

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[redacted] Begin seems fully confident that he will be able to argue his views on negotiations with success in Washington. Indeed, Likud leaders do not seem to believe the US will apply heavy pressure on Israel, although they say they are ready to weather such a storm if it comes. Begin and his followers appear to be counting on the US Congress to rally behind his government, no matter what.

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#### PAKISTAN: Situation Report

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*Negotiations between Pakistan Prime Minister Bhutto and opposition leaders ended yesterday without a definitive agreement on the resolution of Pakistan's political crisis. The opposition apparently believes there is still hope for a compromise, however, and has agreed to continue discussions with Finance Minister Pirzada, one of Bhutto's closest advisers.*

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Despite an announcement that an agreement was reached on the basic issues, the two sides may be little closer to a compromise on one important issue--a way to ensure that elections are honest--than they were when talks began almost two weeks ago.

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Although most of the concessions announced during the series of meetings were made by Bhutto, he may still have benefited more than the opposition. There is no indication that the opposition plans to resume its street campaign against him soon.

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Bhutto also was able to forestall, at least for now, opposition attempts to prevent him from controlling elections. The opposition dropped both of its key demands--that he resign, and that he agree to an alternate plan for an interim government in which the opposition would have considerable power.

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25X1 [ ] The opposition gained a public commitment from Bhutto to hold new elections. When talks began, however, Bhutto apparently had already agreed to new elections, and his differences with the opposition were over when elections would be held. No date has been announced--possibly an indication, despite press reports to the contrary, that this issue too has not been resolved.

25X1 [ ] Early in the talks, the opposition secured several other concessions, including the release from jail of its leaders and thousands of its followers and the end of martial law imposed in April in Pakistan's three largest cities. These concessions were preconditions for the talks, however, rather than a result of them.

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#### NAMIBIA - SOUTH AFRICA: Negotiations

25X1 [ ] *South Africa has made its first clear concession in the talks with five Western powers that are attempting to negotiate a transition to independence for Namibia. Instead of the multiracial interim government for which white Namibians voted last month, South Africa has agreed to appoint a politically neutral administrator-general, responsible to the South African president, to administer Namibia until free elections with UN involvement can be held for a constituent assembly. South Africa has also accepted in principle the appointment of a UN special representative to work closely with the administrator-general.*

25X1 [ ] There has been agreement at the talks on the nature and scope of some of the other problems involved, but South Africa made few commitments on such critical matters as the timing of elections, the role of the UN in the political process, the fate of political prisoners, the removal of discriminatory legislation, the future of South Africa's Walvis Bay enclave, and the withdrawal of South African military and security forces. There are also many administrative and financial ties between South Africa and Namibia that must be dealt with before any turnover of power to an independent government.

25X1 [ ] Before another round of talks with the South Africans, the contact group that represents the five Western nations will discuss the talks with their own governments as well as with



the front-line African states and the South West African Peoples Organization. SWAPO is the only Namibian nationalist organization recognized by the UN and the Organization of African Unity.

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[ ] The South African government has hailed progress in the talks as evidence of its good faith in negotiating Namibia's future. The contact group agrees that South Africa seems sincere in wanting a peaceful transition to independence for the former German colony and League of Nations mandate that South Africa has continued to administer in defiance of the UN.

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[ ] This first round of talks puts Prime Minister Vorster in an excellent bargaining position in what will doubtless be a long negotiating process. By avoiding a breakdown in the talks, he hopes to gain Western support in the UN; he believes he has shown the world he is committed to an independent Namibia. He has also shunted to the West and the UN some of the responsibility for establishing an interim administration without losing any legal control over Namibia.

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[ ] Vorster wants and needs a friendly country on South Africa's northwest border, and his purposes would be best suited by having an ethnically and racially divided government there that would be dependent on South Africa both economically and militarily. It is unlikely that he will willingly make any substantial concessions to the five Western nations that do not preserve South Africa's basic interests in the territory.

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[ ] The contact group asked South Africa to plan a phased military and police withdrawal during the transition period, but the government made it clear that it intends to retain its security forces in the territory as long as it sees an external threat. Foreign Minister Botha commented after the talks that pre-independence withdrawal of South African troops was not at issue. The South Africans did, however, agree that their troops would not interfere in any elections.

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[ ] South Africa's goal in setting up the multiracial constitutional conference--the Turnhalle conference--in late 1975 was to establish a conservative ethnic coalition in Namibia which would permit South African counterinsurgency forces to continue operating in its territory. By scrapping both

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the plan for an interim government and then the idea of a subsequent central administrative authority that would replace it, the South Africans are cutting the Turnhalle groups out of any special role in a transition government.

When they learned of the demise of the Turnhalle plan last month, several of the delegates who had participated in the conference announced that they would work toward forming a multiracial party in order to defeat SWAPO in any future elections, but it is not known if they have made any progress.

Vorster is continuing to set up ethnically based regional governments in Namibia under his separate development plan. The system could influence the outcome of future elections, and Vorster doubtless hopes it will facilitate SWAPO's election defeat and preserve white South African interests. Vorster has indicated his desire that the elections take place before the end of this year.

A major facet of the Western initiative is an effort to get SWAPO involved in the negotiations. SWAPO president Sam Nujoma, however, has been out of contact since last week. In the past, Nujoma has insisted that any settlement must be decided by direct negotiation between the South African government and the SWAPO leadership.

Nujoma has also maintained that SWAPO will not stop guerrilla activities and enter into negotiations unless South Africa meets its demands, which include the release of all political prisoners and the pledge of an early withdrawal of South African armed forces from Namibia. Nujoma and other SWAPO spokesmen have occasionally intimated that, with these conditions met, they might accept a UN conducted election. They say they would make a strong showing in such an election.

Several SWAPO officials in the UK and Zambia, however, have been briefed on the contact group's meetings with the South Africans. They appreciated the efforts being made by the group and expressed a willingness to be flexible, but they were suspicious of South African motives, arguing that anything to which South Africa agreed would be contrary to SWAPO's interests.

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EL SALVADOR: Violence Continues

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[ ] //Violence in El Salvador--by both guerrillas and security forces--has continued unabated since the murder of the foreign minister last month. President-elect Romero, a law-and-order hardliner, is likely to continue harsh repressive measures after he takes office on July 1.//

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[ ] In two separate incidents last week, terrorists from the Popular Liberation Forces killed two national guardsmen and a policeman; in retaliation, security forces killed eight alleged members of the guerrilla group.

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[ ] The abduction and murder of the foreign minister last month may have marked the beginning of a more intense campaign by the guerrilla group. [ ]

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[ ] The government has responded strongly to the increased guerrilla actions. Late last month, the armed forces mounted a sweep by airborne and ground forces against several thousand peasant squatters who had occupied three haciendas to back up demands for long-promised agrarian reform. The peasants' action had been organized by three leftist groups suspected of collaborating with the Popular Liberation Forces. In an ensuing clash, six alleged members of the guerrilla group were killed by security forces.

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[ ] The actions by the government have apparently done little to intimidate the guerrillas, but they have aggravated its already strained relations with the Catholic Church. The recent arrest and roughing-up of a priest suspected of cooperating with the guerrillas will cause further strains in relations.

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